

Message Text

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PAGE 01 MANILA 01183 280527Z

12

ACTION EA-06

INFO OCT-01 ISO-00 EB-03 L-01 RSC-01 /012 W

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R 280323Z JAN 75

FM AMEMBASSY MANILA

TO SECSTATE WASHDC 148

C O N F I D E N T I A L MANILA 1183

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FOR HABIB FROM SULLIVAN

E.O. 11652: GDS

TAGS: EAIR

SUBJECT: CIVAIR: PAN AM CARGO RIGHTS

REF: STATE 015191

1. REFTEL REPORTS THAT CAB IS CONSIDERING RETALIATORY MEASURES AGAINST PAL BECAUSE OF PHILIPPINES SUSPENSION OF PAN AM CARGO OPERATIONS. CABLE ALSO ASKS FOR MY "PERSONAL INSIGHTS" INTO NEGOTIATING HISTORY OF PAN AM CARGO RIGHTS IN PHILIPPINES.

2. MY ECONOMIC COUNSELOR, WHO IS EMBASSY'S INSTITUTIONAL MEMORY ON THIS CASE, IS CURRENTLY ATTENDING MEETING IN TAIPEI AND EXPECTED RETURN MANILA JANUARY 30. I WILL WISH, THEREFORE, TO DELAY REPLY ON NEGOTIATING HISTORY, INCLUDING MY "PERSONAL INSIGHTS" UNTIL HIS RETURN.

3. IN MEANTIME, I SHOULD LIKE TO INTRODUCE A NOTE OF CAUTION ABOUT CAB RETALIATION. AS I UNDERSTAND PAN AM CASE PAN AM ADMITTEDLY AND CONSISTENTLY CARRIED MORE CARGO THAN ITS LIMITED PERMIT ALLOWED. IT OBTAINED INFORMAL PERMISSION ON A CASE BY CASE BASIS FOR THESE EXCESS SHIPMENTS FROM PHILIPPINE CAB OFFICIALS, WHOM THE LOCAL PAN
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PAGE 02 MANILA 01183 280527Z

AM MANAGER ADMITS TO THE EMBASSY HE BRIBED IN VARIOUS WAYS.

PAL BLEW THE WHISTLE ON THIS ACTIVITY BY FILING CHARGES AGAINST PAN AM WITH PHILIPPINE CAB. PHILIPPINE CAB, IN TURN, DECLINED TO RENEW PAN AM'S PERMIT WHEN IT EXPIRED, PENDING HEARINGS ON THE CHARGES AGAINST PAN AM. THE HEARING HAS BEEN UNCONSCIONABLY DELAYED (PARTLY BECAUSE THE CAB EXECUTIVE SECRETARY IS IMPLICATED IN THE CASE AND HAS RECEIVED SOME OF THE BRIBES). HOWEVER, THE HEARING IS SCHEDULED FOR JANUARY 28M

4. IN SHORT, QUITE ASIDE FROM THE LEGAL PREMISES OR THE NEGOTIATING HISTORY, AND WITHOUT ANY BRIEF FOR THE VINDICTIVE NATURE OF PAL, THIS PAN AM CASE IS NOT RPT NOT THE CLEANEST AND NEATEST SITUATION IN WHICH TO DISPLAY MORAL INDIGNATION BY U.S. GOVERNMENT. I WOULD RECOMMEND, THEREFORE, THAT DEPARTMENT ASK CAB TO HOLD UP ANY PROPOSALS FOR RETALIATORY ACTION WHILE WE CONTINUE TO TRY TO SORT THIS OUT THROUGH DIPLOMATIC ACTION.
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